



Department of Health  
and Mental Hygiene

Office of  
Health Care Financing

# The Transformation of Insurance Coverage

Charles J. Milligan, JD, MPH

Deputy Secretary for Health Care Financing

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# Preview

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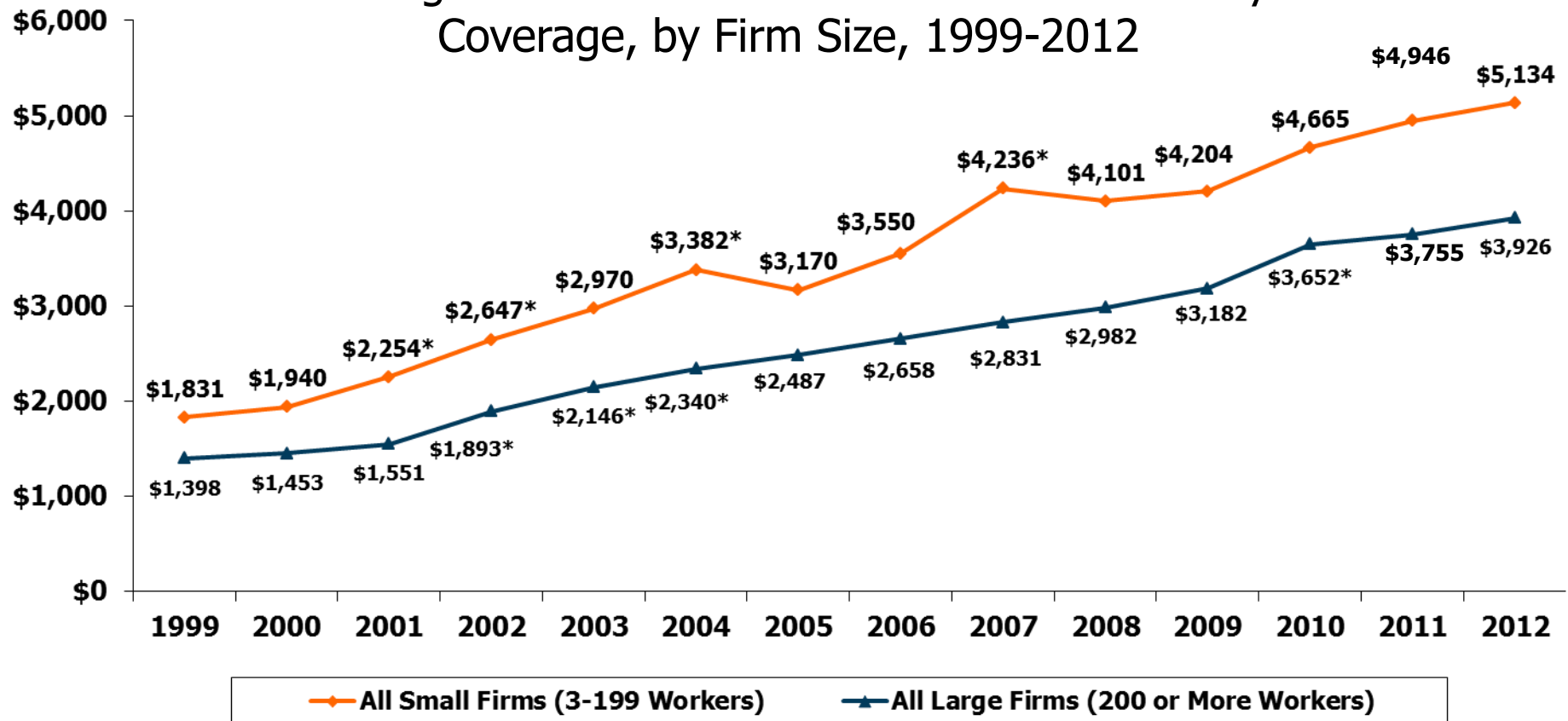
1. Insurance Coverage Patterns in the *Last* Ten (or so) Years
2. Insurance Coverage Patterns in the *Next* Seven Years

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## 1. Insurance Coverage Patterns in the *Last* Ten Years

# Nationally, worker contributions to purchase ESI have grown rapidly, especially at small firms.

Average Annual Worker Contributions for Family Coverage, by Firm Size, 1999-2012

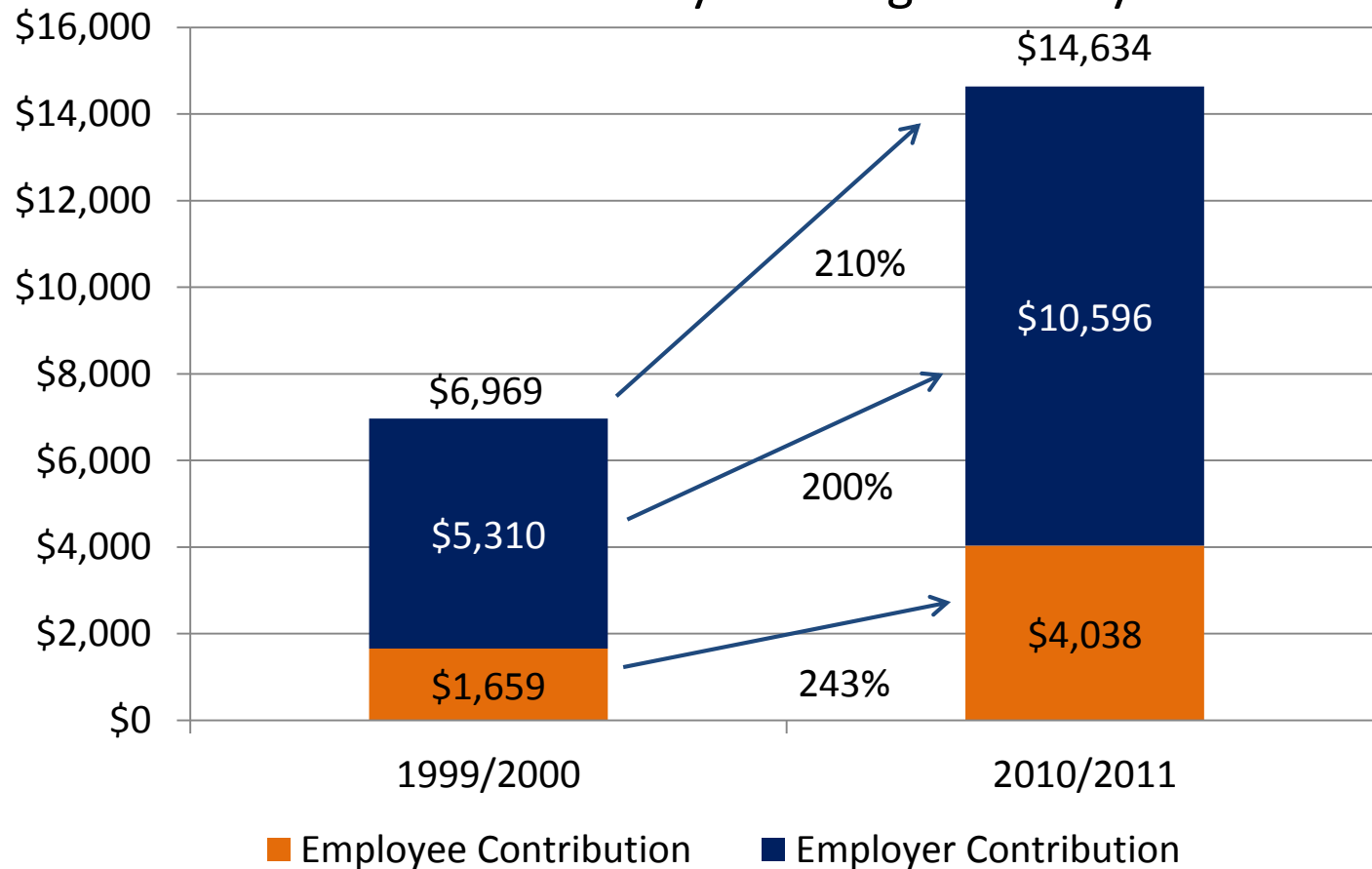


\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2012.

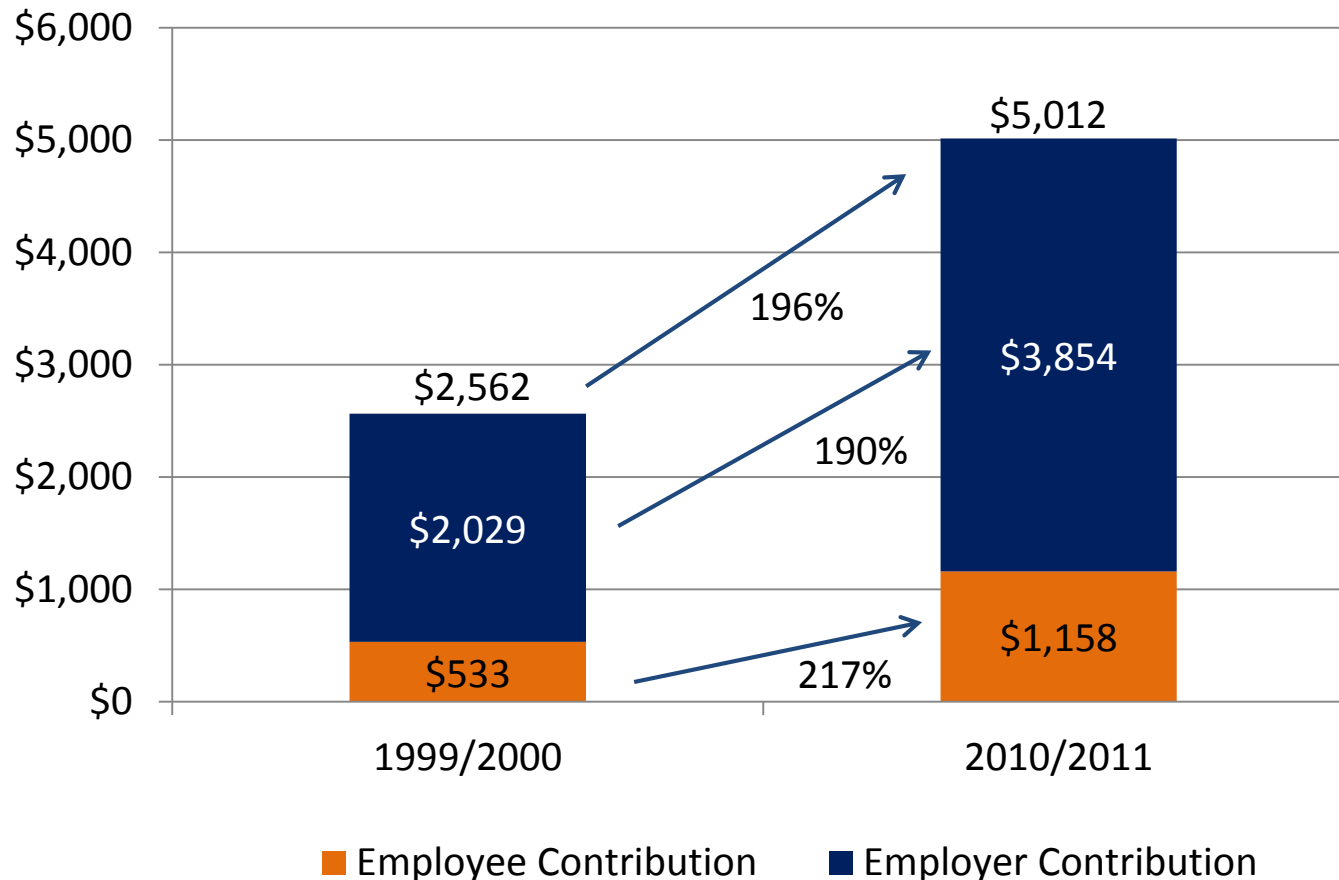
# In Maryland, in the past decade, overall family premiums in ESI more than doubled, and the worker's premium contribution grew at an even faster rate.

Average Annual Worker and Employer Contributions to Purchase Family Coverage in Maryland



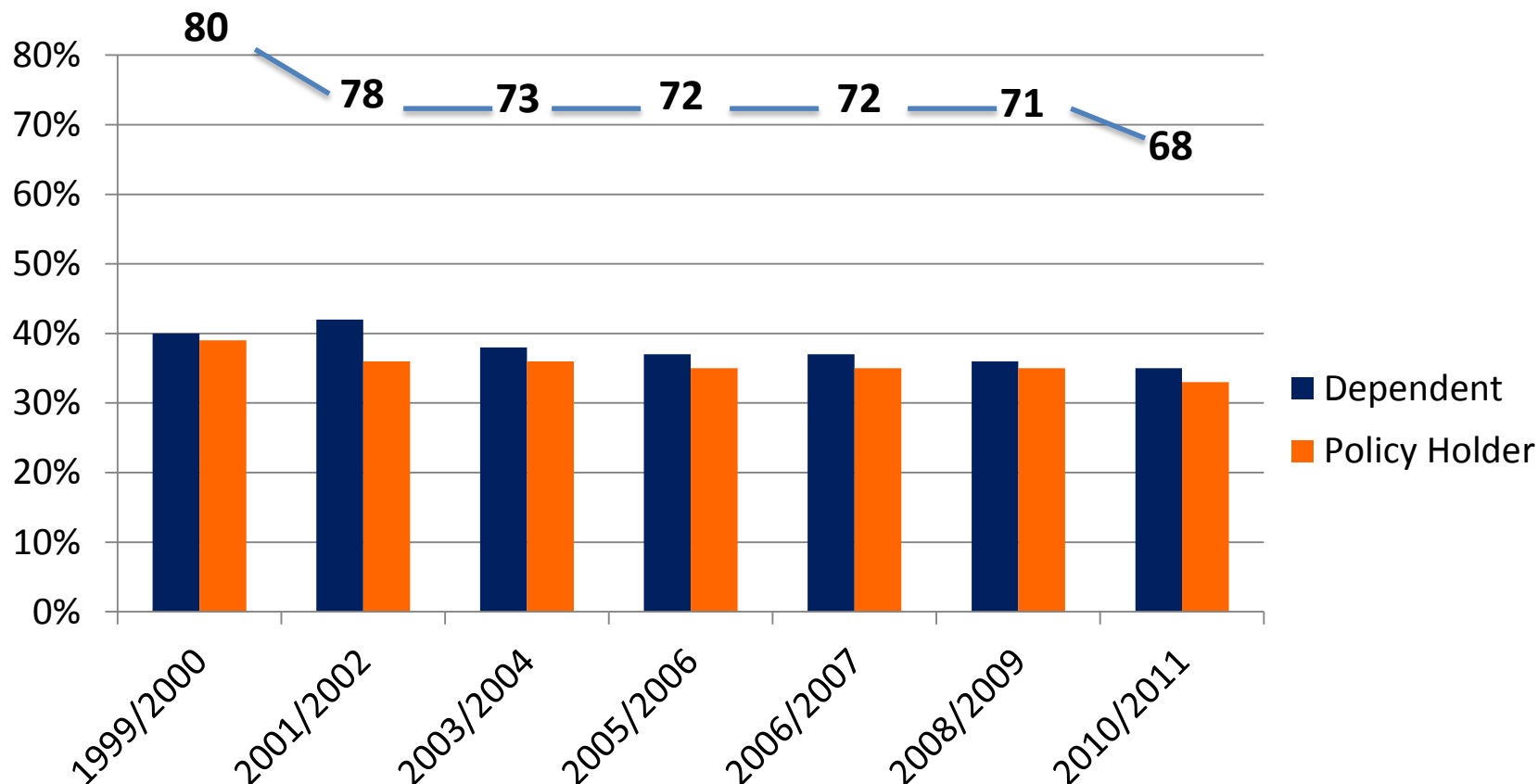
# In Maryland, the same pattern existing for individual coverage through ESI, with worker contribution rates more than doubling in a decade.

Average Annual Worker and Employer Contributions to Purchase Individual Coverage in Maryland



# In Maryland, the percent of nonelderly (under age 65) covered through ESI fell from 80% to 68% in the last decade.

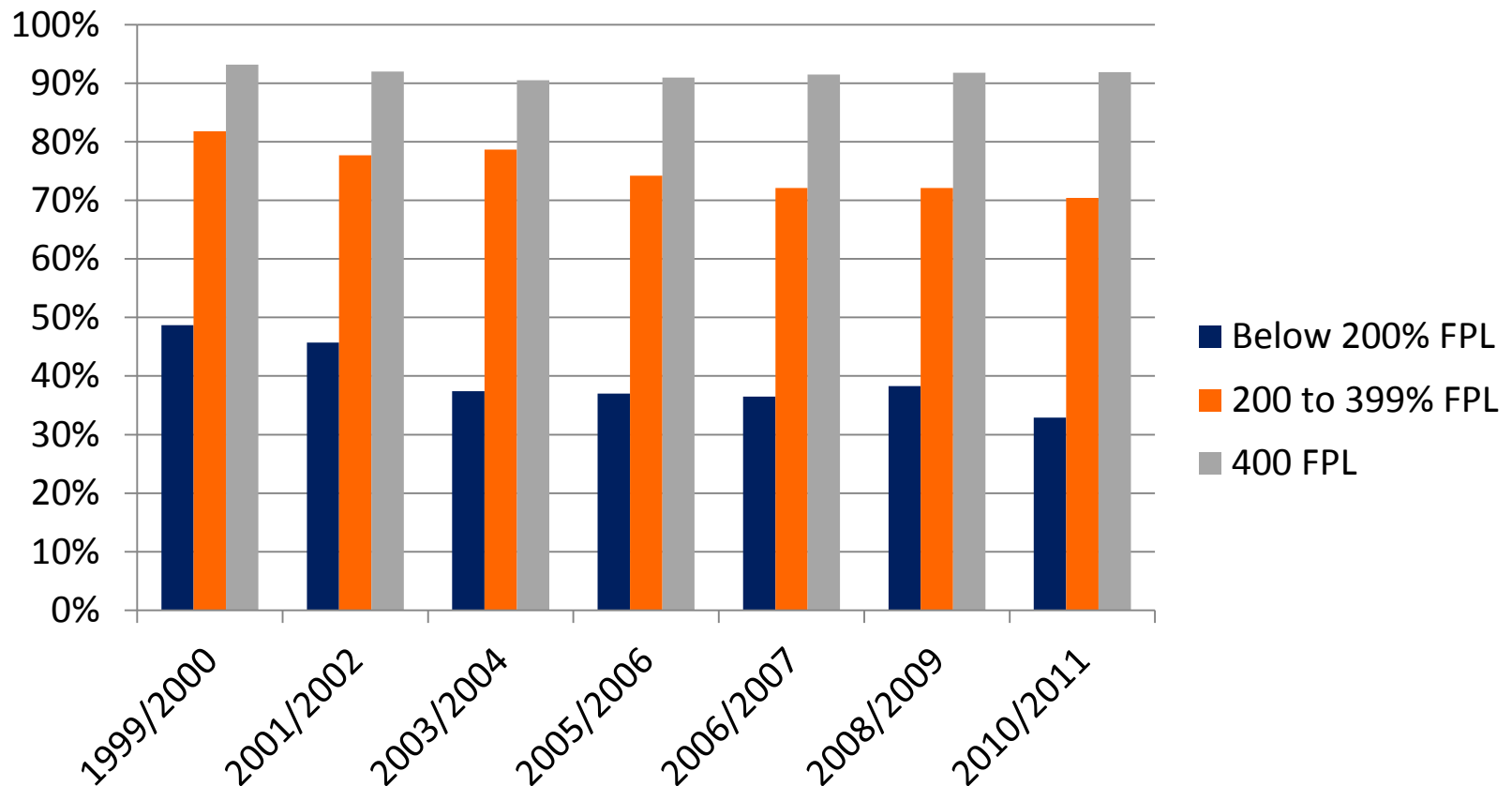
Percent of Nonelderly (Ages 0-64) with ESI in Maryland



Source: State-Level Trends in Employer-Sponsored Health Insurance, A State-by-State Analysis. SHADAC. April 2013.

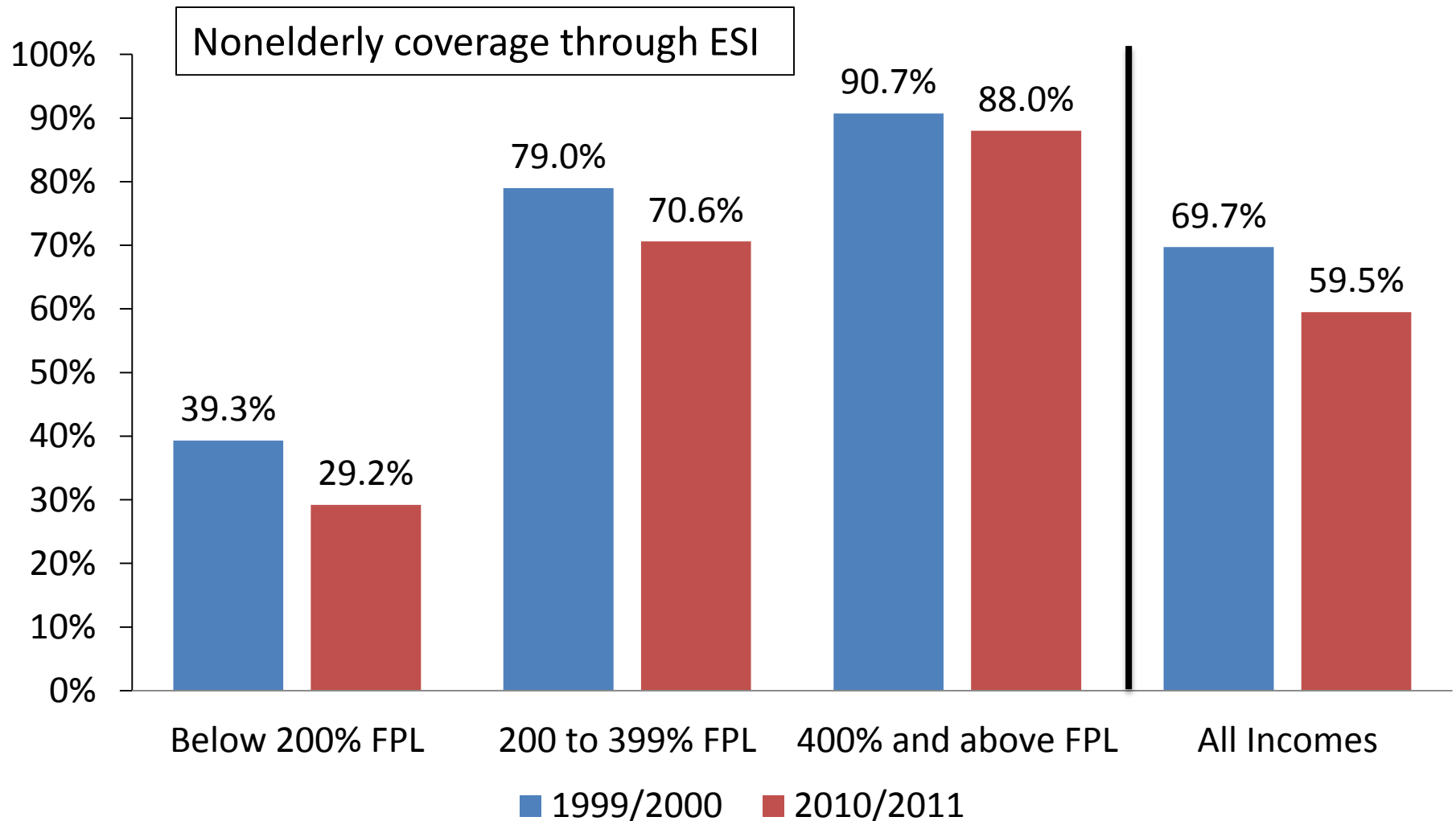
# This fall in coverage through ESI was sharpest among the nonelderly (under 65) in lower income cohorts.

Percent of Nonelderly (Ages 0-64) with ESI in Maryland

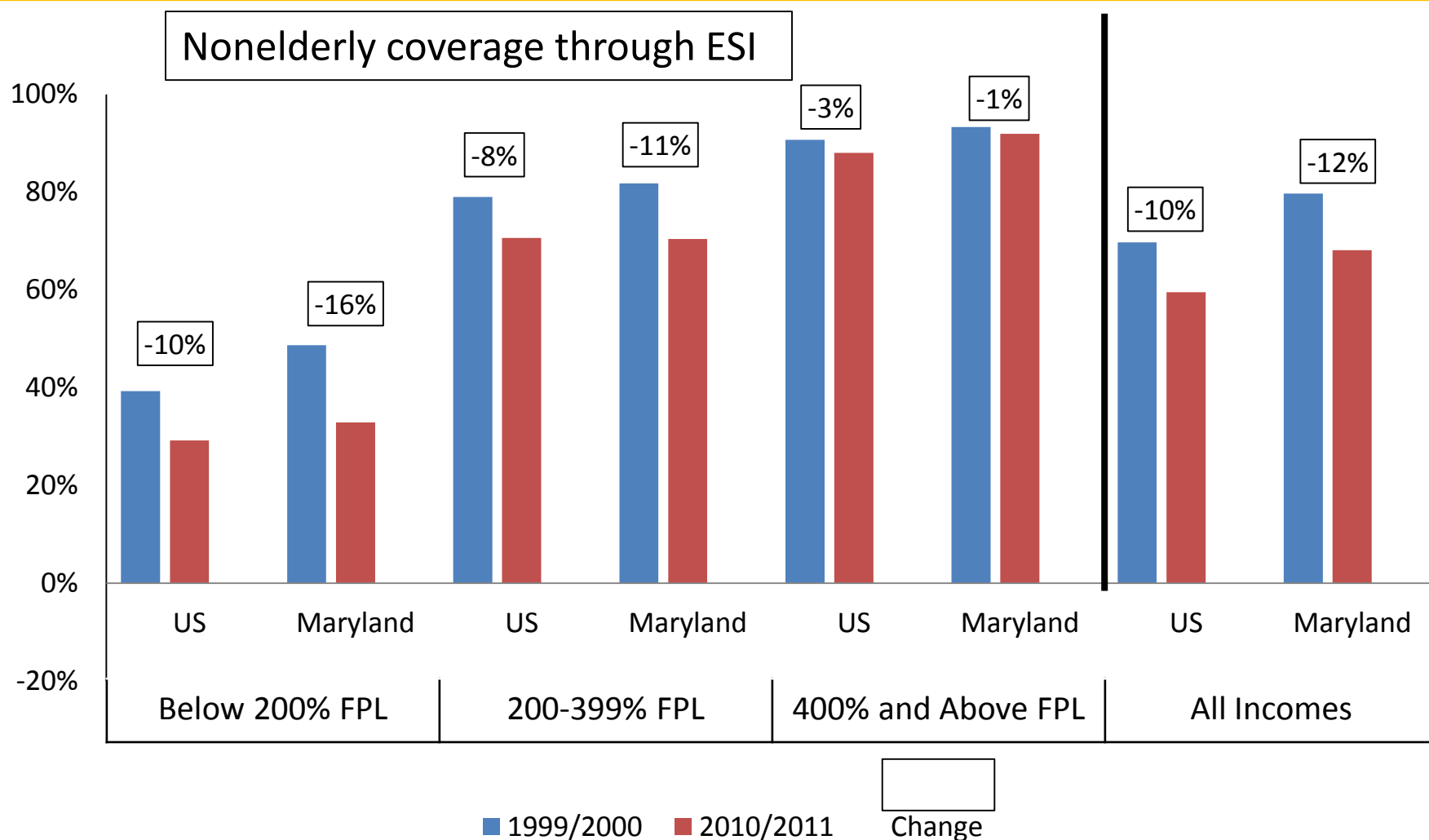




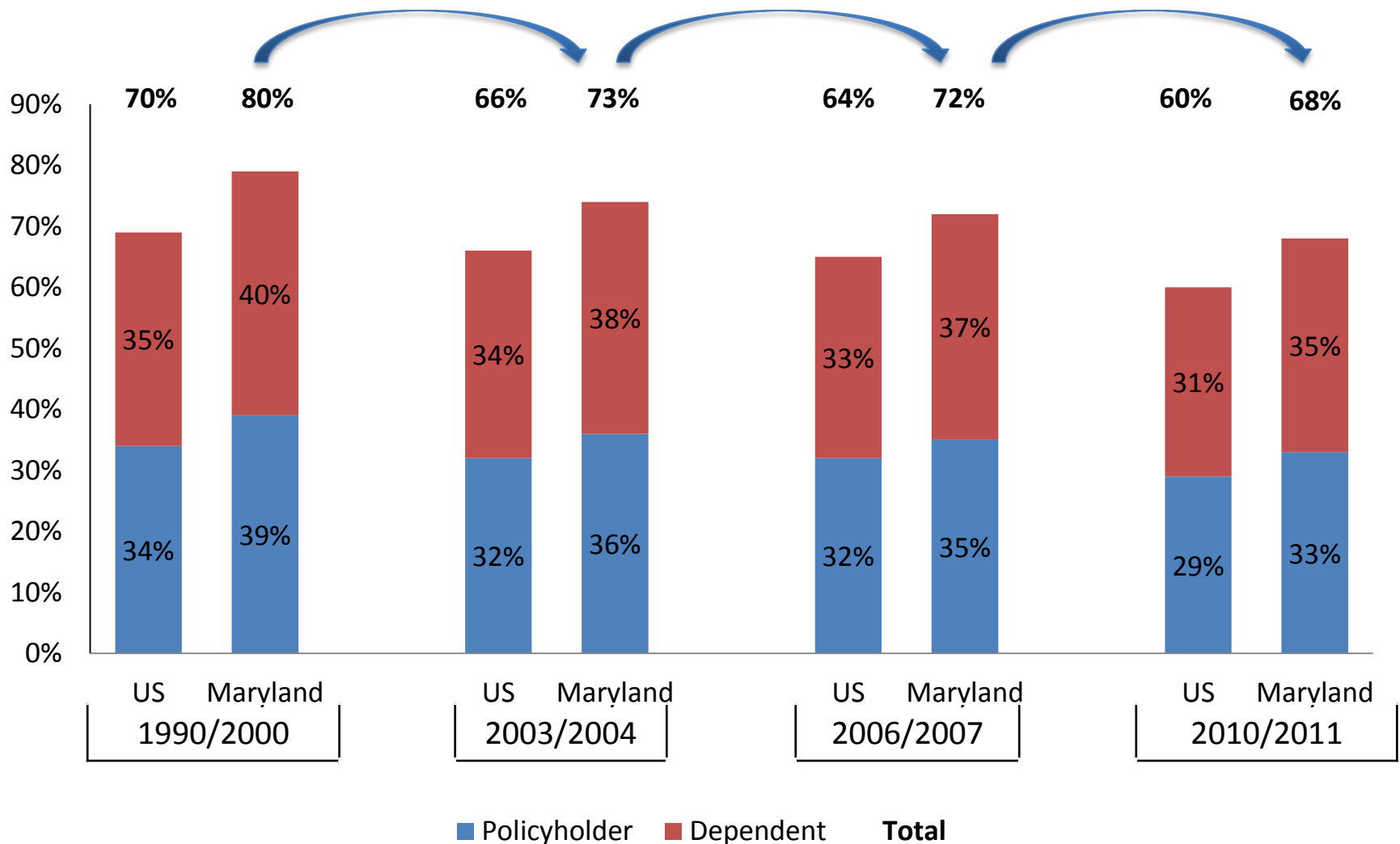
# Nationally, the same pattern existed: a significant drop in ESI coverage among the nonelderly, especially among the lower income cohorts.



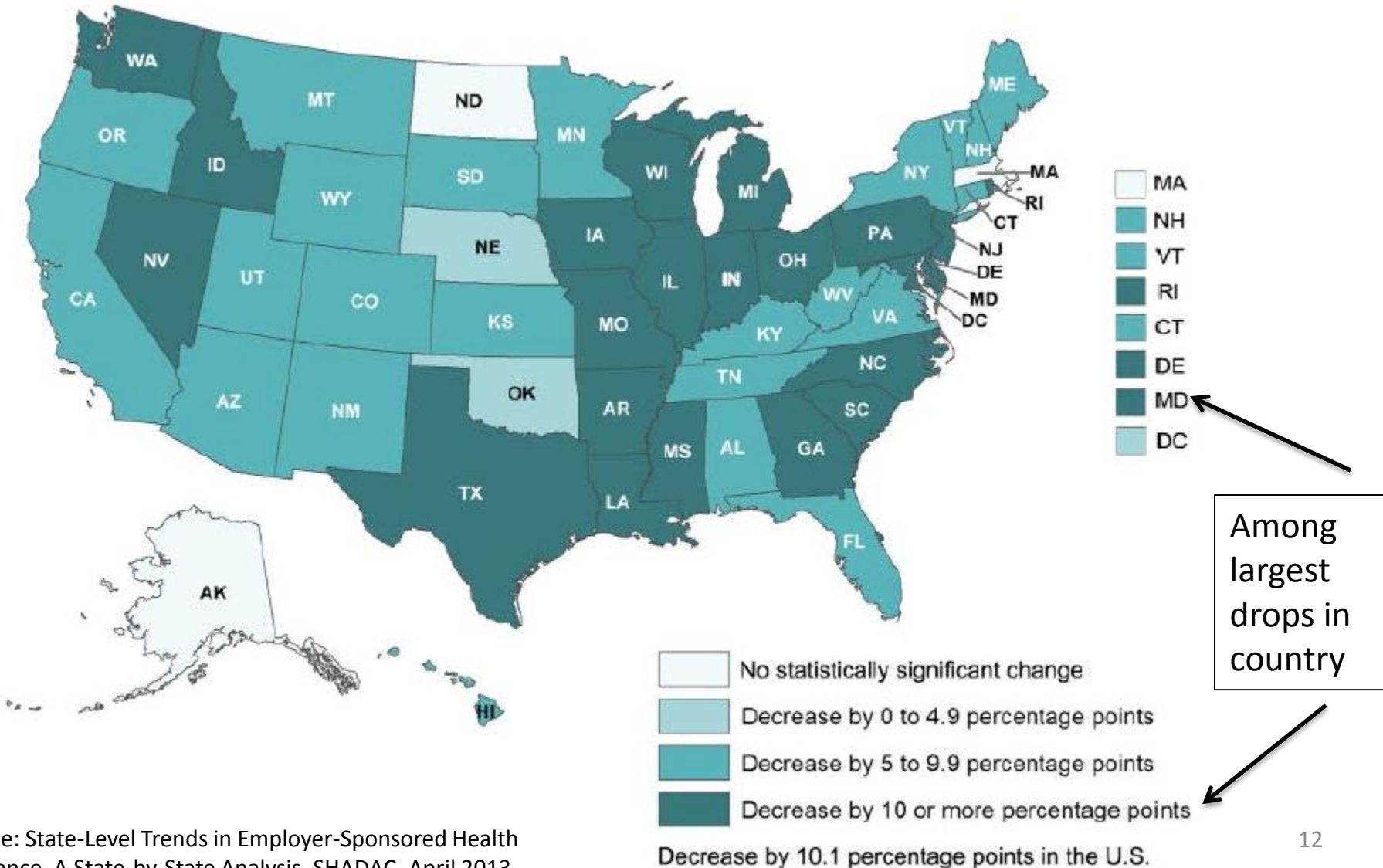
# Compared to the nation, ESI coverage in Maryland among the nonelderly fell more sharply below 400% FPL, and less sharply at 400% FPL and above.



**Overall among the nonelderly, ESI coverage in Maryland fell more than the national average, but the rate of ESI coverage remains above the national average.**

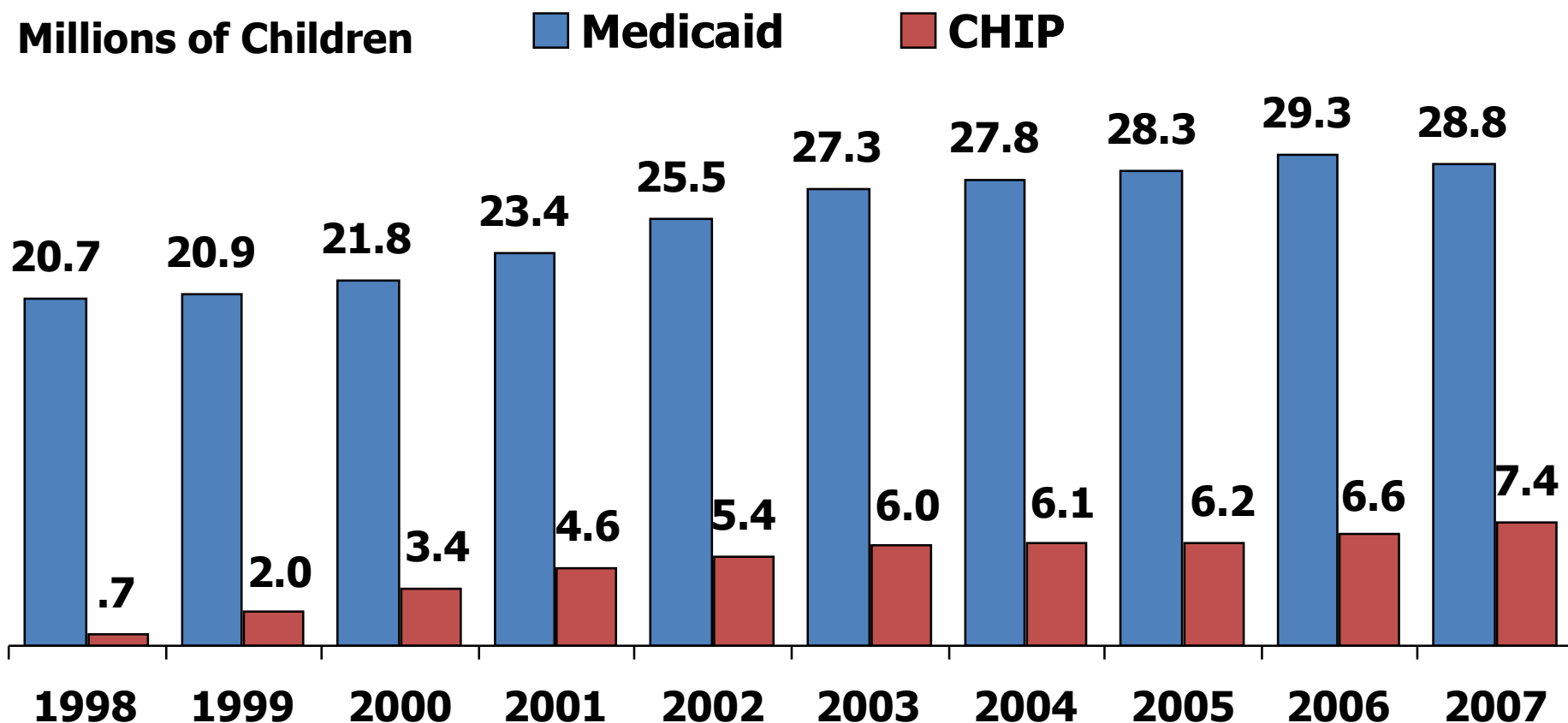


# 1999/2000 to 2010/2011 (population under age 65)



Among  
largest  
drops in  
country

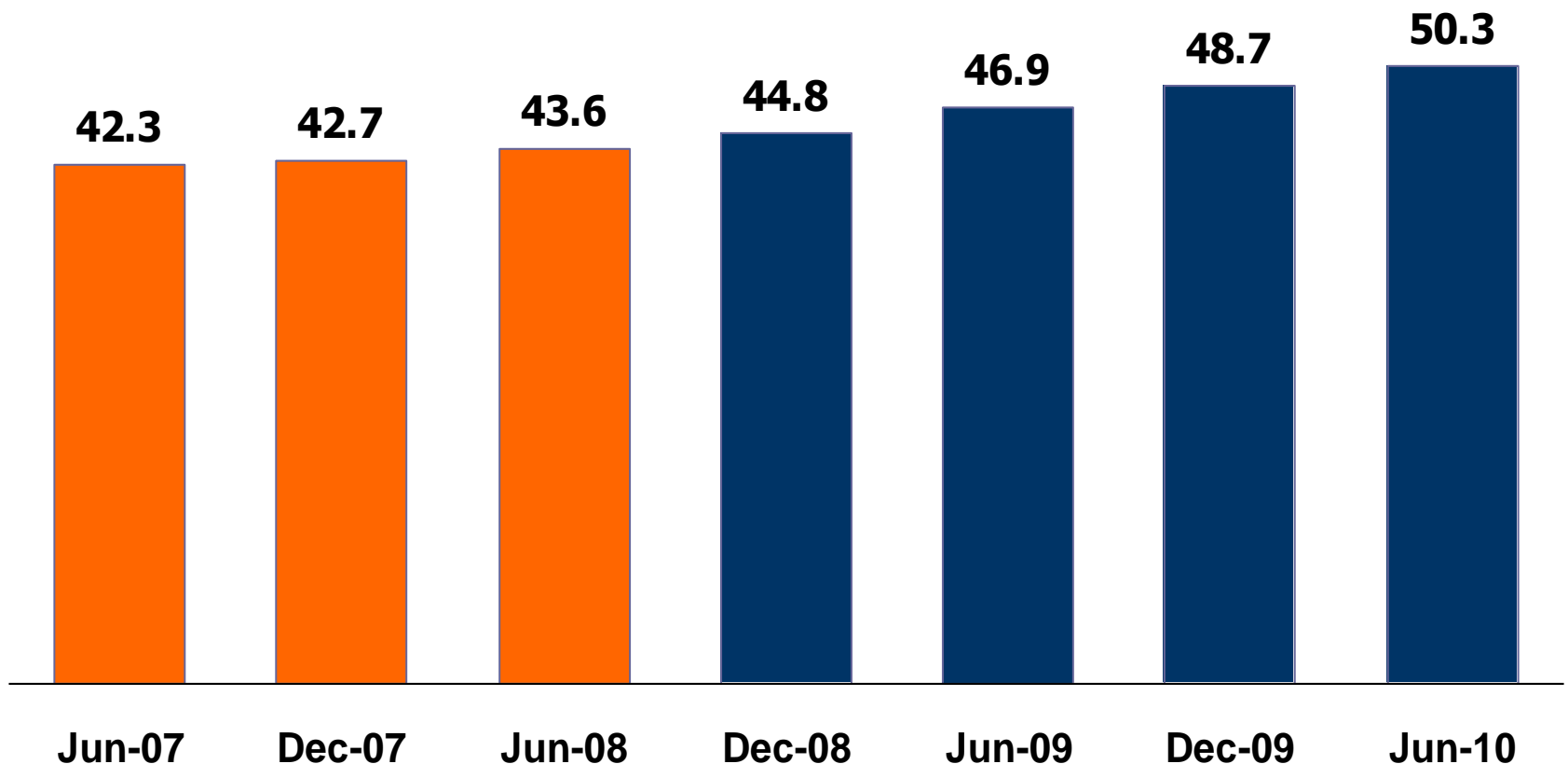
# Over roughly the same time period, national enrollment among children in Medicaid and CHIP grew rapidly (1998-2007)



SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute analysis of HCFA-2082, MSIS, and SEDS data, 2010.

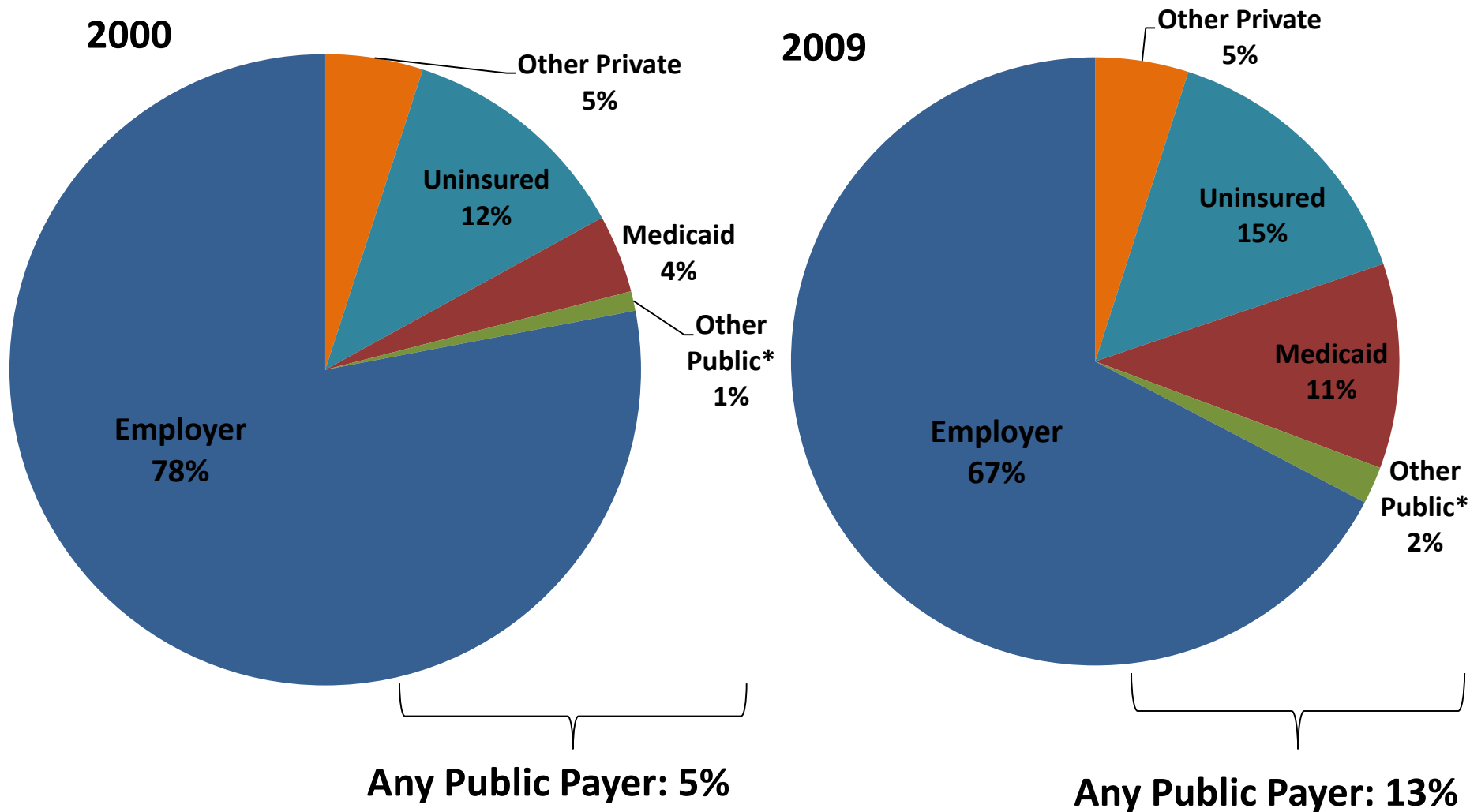
# National enrollment in Medicaid also grew rapidly in the Recession, adding more than 7 million to Medicaid between June 2007 and June 2010.

## Monthly Enrollment in Millions



SOURCE: Analysis for KCMU by Health Management Associates, using compiled state Medicaid enrollment reports

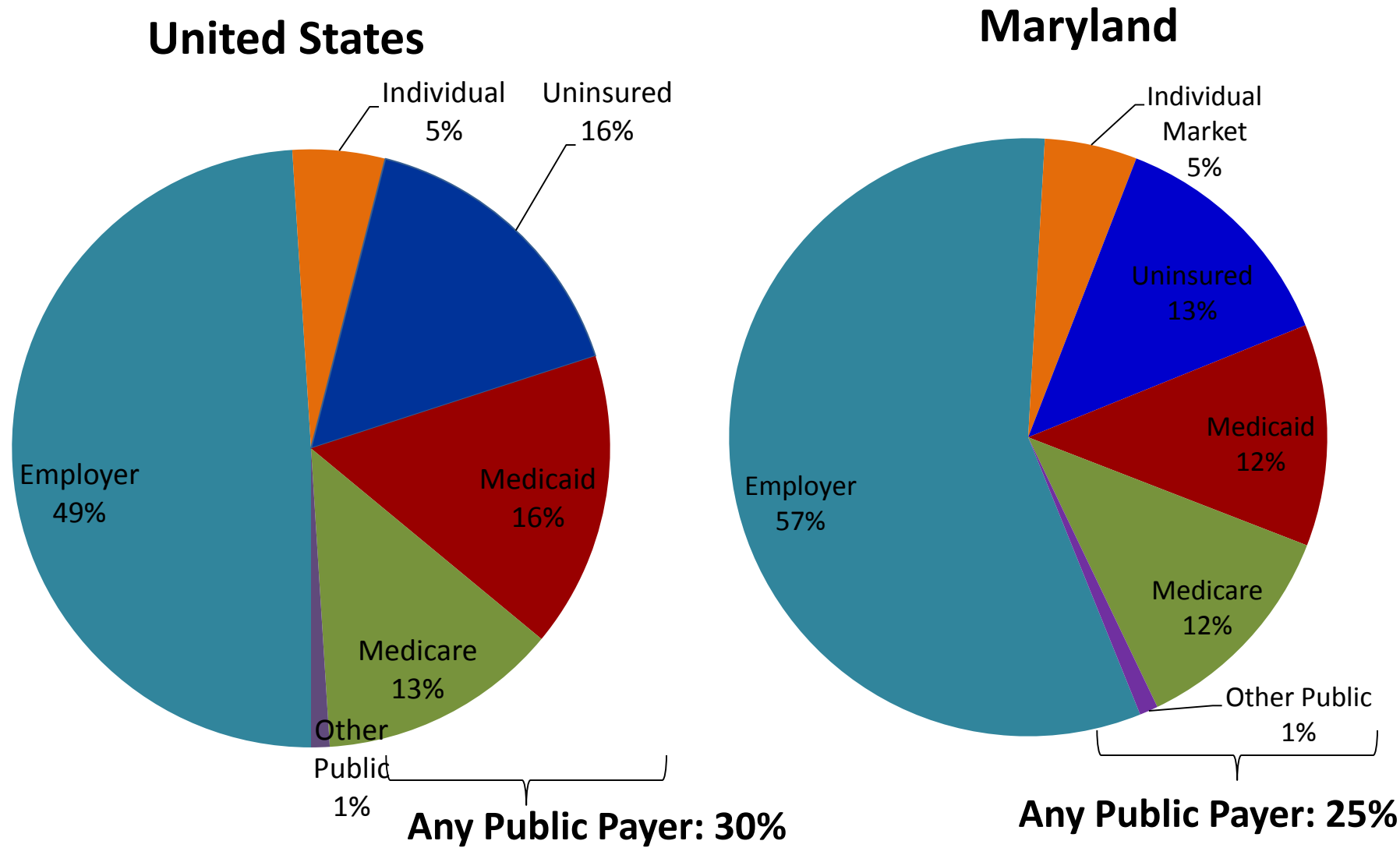
# Due to all these dynamics, the last decade saw a huge shift from ESI to Medicaid and CHIP among the nonelderly in Maryland



\*Other Public includes Medicare and military-related coverage.

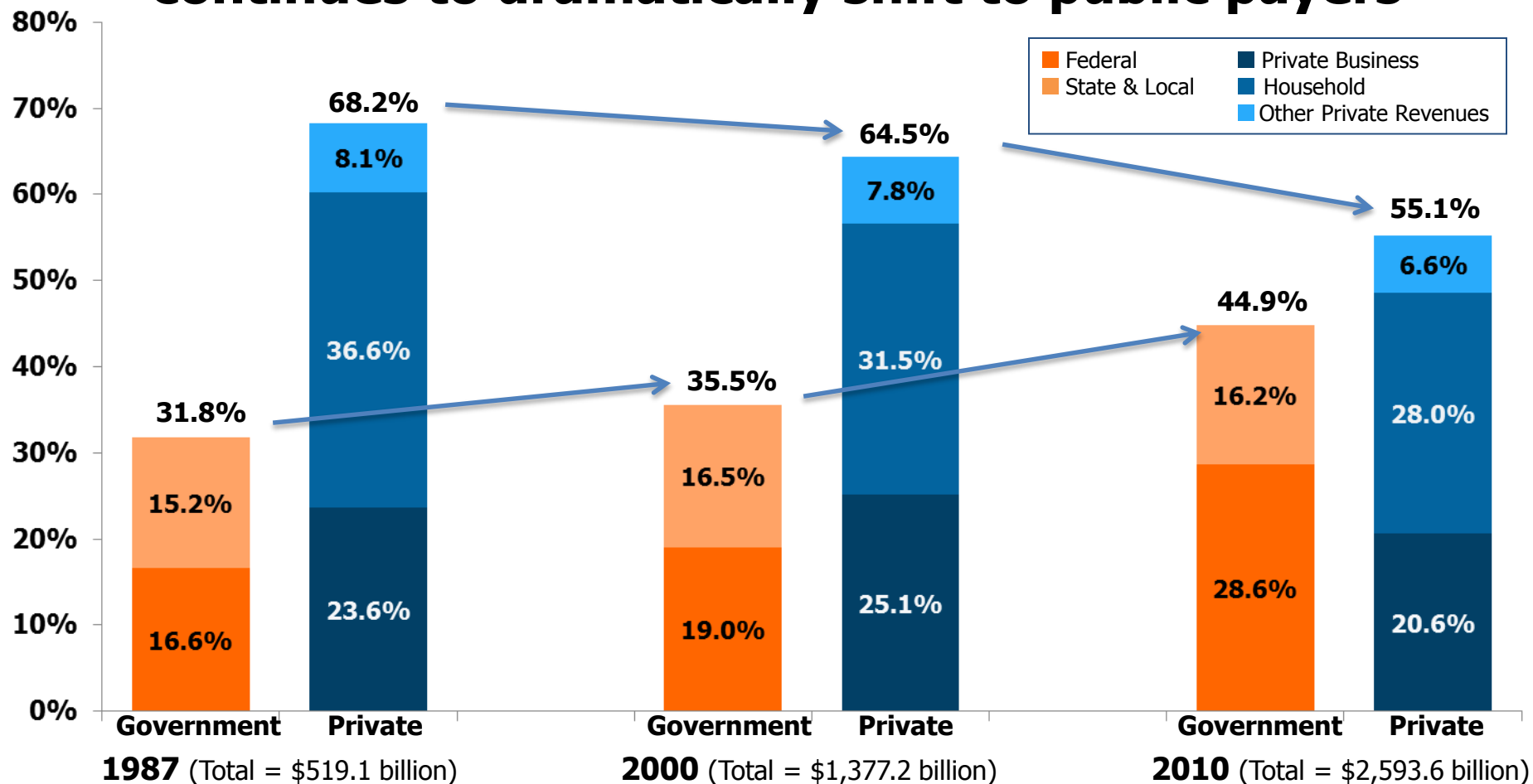
Source: Maryland Health Care Commission.

**In spite of these shifts, in 2011 Maryland continued to have more people covered through private payers than public payers, compared to the national average (all ages).**





# The percent distribution of National Health Expenditures continues to dramatically shift to public payers



Notes: Starting with the 2009 NHE data, CMS expanded their focus on spending by Type of Sponsor, which provides estimates of the individual, business, or tax source that is behind each Source of Funds category and is responsible for financing or sponsoring the payments. "Federal" and "State & Local" includes government contributions to private health insurance premiums and to the Medicare Hospital Insurance Trust Fund through payroll taxes, Medicaid program expenditures including buy-in premiums for Medicare, and other state & local government programs. "Private Business" includes employer contributions to private health insurance, the Medicare Hospital Insurance Trust Fund through payroll taxes, workers' compensation insurance, temporary disability insurance, worksite health care. "Household" includes contributions to health insurance premiums for private health insurance, Medicare Part A or Part B, out-of-pocket costs. "Other Private Revenues" includes philanthropy, structure & equipment, non-patient revenues.

Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group at <https://www.cms.gov/NationalHealthExpendData/> (see Historical; NHE Web tables, Table 5).

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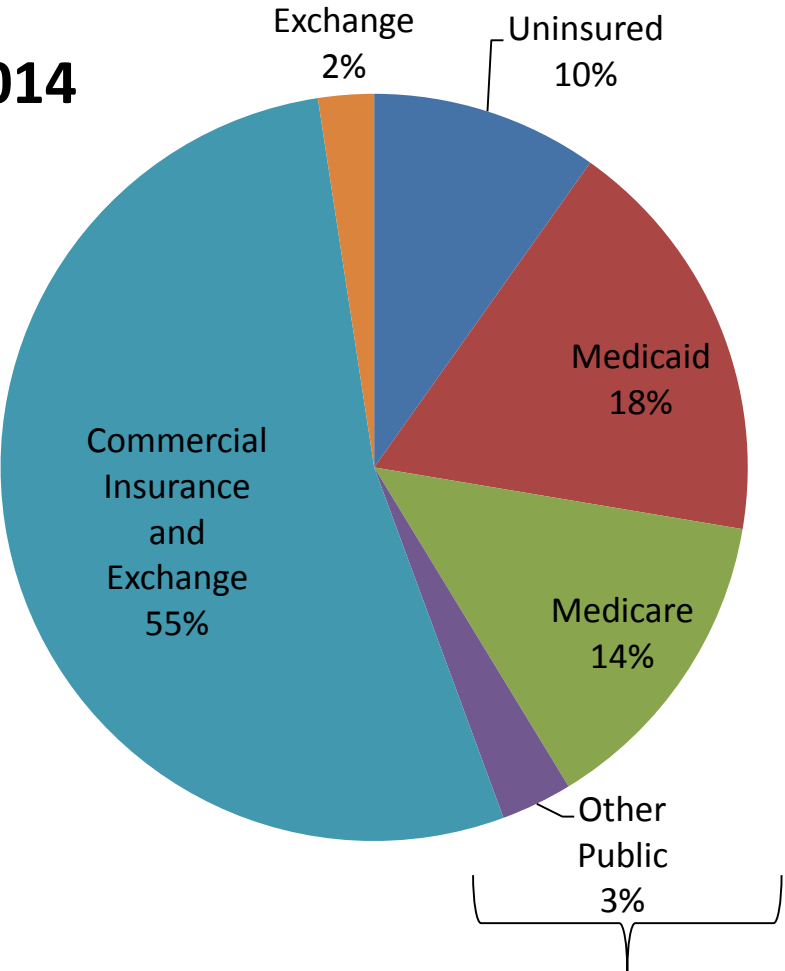
## 2. Insurance Coverage Patterns in the *Next* Seven Years

# Between now and 2020, Medicaid will grow with the expansion, Medicare will grow as boomers age into Medicare, and the Exchange enrollment will grow

Population Insurance Coverage Status	2014	2015	2016	2017	2018	2019	2020
Medicaid	1,088,032	1,128,677	1,156,494	1,185,380	1,207,779	1,227,410	1,243,952
Medicare	832,755	859,944	892,748	925,551	958,355	991,158	1,023,962
Other Public	188,188	187,247	186,311	185,379	184,453	183,530	182,613
Commercial Insurance	3,247,574	3,279,889	3,282,342	3,282,888	3,285,083	3,284,280	3,284,853
Maryland Exchange	147,233	169,836	184,323	208,145	234,721	257,870	283,743
Uninsured	599,003	514,388	488,539	472,749	439,614	415,441	390,352
<b>Total Population</b>	<b>5,924,320</b>	<b>5,962,013</b>	<b>6,012,841</b>	<b>6,063,669</b>	<b>6,114,498</b>	<b>6,165,326</b>	<b>6,216,155</b>

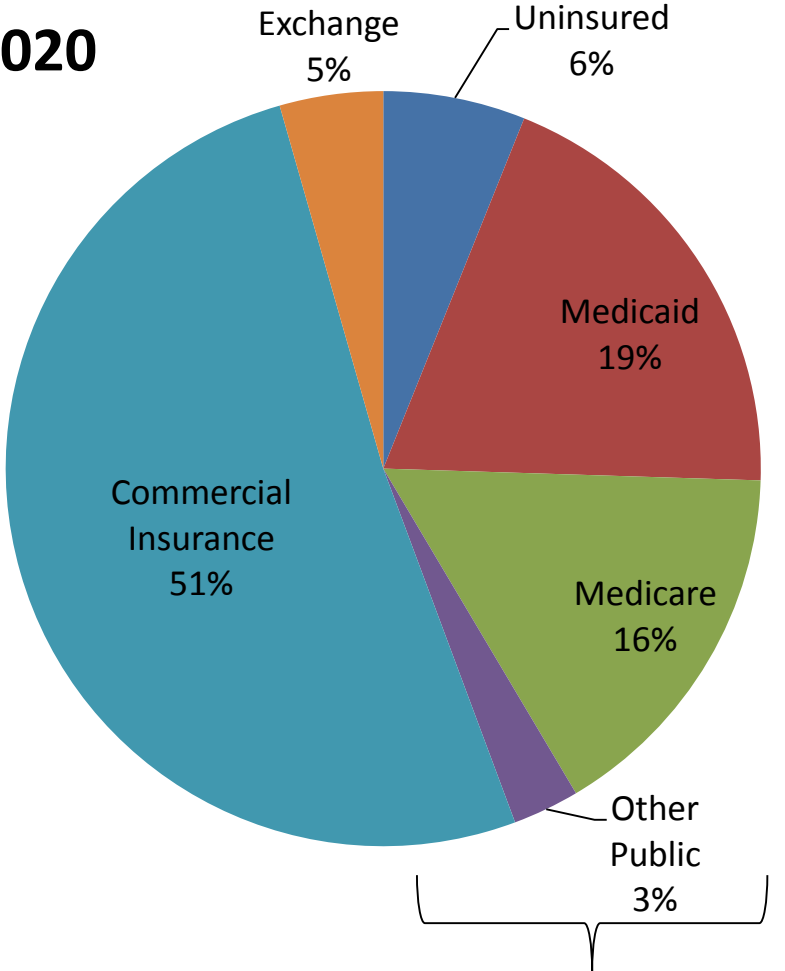
**By 2020, across all ages, only 51% of the state's population will be covered by ESI, with 38% covered by public payers -- 43% including individuals covered through the public MHBE.**

**2014**



**Any Public Payer: 35%**

**2020**



**Any Public Payer: 38%**

Source: Maryland Health Care Reform Simulation Model: July 2012. The Hilltop Institute.

# Major Takeaways

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1. Medicaid's rapid growth has been driven by many factors: policy expansions; the recession; and the huge erosion in ESI.
2. The payer mix has been shifting from private payers to public payers, which will continue after the ACA implementation occurs and as more boomers enter Medicare.



Charles J. Milligan, JD, MPH  
Deputy Secretary, Health Care Financing  
[Charles.Milligan@maryland.gov](mailto:Charles.Milligan@maryland.gov)